DU PONT OF CANADA LIMITED

Annual Report
1973

DU PONT
CANADA

CONTENTS

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63rd ANNUAL REPORT 1973

DU PONT CANADA

HIGHLIGHTS

	1973	1972	% change
Sales (Dollars in thousands) strong demand existed for company products	$306,361	$260,201	18
Net Income (Dollars in thousands) increased revenue more than offset higher costs	$ 17,816	$ 14,347	24
Selling Price Index of Company Products (1964 = 100)	78.2	76.5	2
Construction Expenditures (Dollars in thousands) more than double last year's level	$ 42,948	$ 20,360	111
Earnings a Common Share			
By Quarter First	$0.42	$0.46	
Second	0.66	0.53	
Third	0.36	0.31	
Fourth	0.80	0.50	
Total for the Year	$2.24	$1.80	24
Dividends Declared a Common Share	$0.95	$0.85	12

DIRECTORS

Robert G. Beck
Company Director and former President
Du Pont of Canada Limited
Elected April 21, 1949

Edgar H. Bleckwell
Company Director and former President
Du Pont of Canada Limited
Elected December 16, 1966

Ralph B. Cole
Vice-President and Treasurer
E. I. du Pont de Nemours & Company
Elected October 23, 1970

Joseph A. Dallas
Senior Vice-President and Director
E. I. du Pont de Nemours & Company
Elected June 25, 1971

A. Jean de Grandpré, Q.C.
President
Bell Canada
Elected April 17, 1970

Henry J. Hemens, Q.C.
Vice-President and Secretary
Du Pont of Canada Limited
Elected February 26, 1971

David S. Holbrook
Chairman and President
The Algoma Steel Corporation Limited
Elected December 16, 1966

D. Carlton Jones
President and Chief Executive Officer
Hudson's Bay Oil and Gas Company Limited
Elected December 14, 1973

Herbert H. Lank
Company Director and former
Chairman and President
Du Pont of Canada Limited
Elected April 21, 1949

Robert J. Richardson
President and Chief Executive Officer
Du Pont of Canada Limited
Elected June 25, 1971

Benjamin F. Schlimme
Vice-President and General Manager
International Department
E. I. du Pont de Nemours & Company
Elected August 25, 1967

Roy L. Schuyler
Vice-President and General Manager
Plastics Department
E. I. du Pont de Nemours & Company
Elected April 17, 1970

OFFICERS

Robert J. Richardson
President and Chief Executive Officer

Franklin S. McCarthy
Senior Vice-President

Henry J. Hemens, Q.C.
Vice-President and Secretary

J. Edward Newall
Vice-President, Corporate Development

Kenneth M. Place
Vice-President and Treasurer

Ian D. Ritchie
Vice-President, Marketing

Bertalan L. Turvolgyi
Vice-President, Operations

Colin C. Young
Vice-President
Employee and Public Relations

Donald A. S. Ivison
Assistant Treasurer

Thomas S. Morse
Assistant Treasurer

Kenneth H. Scott
Assistant Treasurer

On 15th March 1974, the following appointments were effective:
J. E. Newall, Vice-President, Corporate Development
I. D. Ritchie, Vice-President, Marketing
B. L. Turvolgyi, Vice-President, Operations

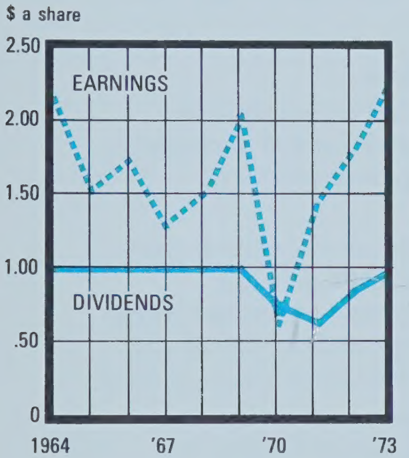
REPORT OF THE DIRECTORS

Sales and earnings continue to rise

Nineteen Seventy-Three was a year of further substantial growth in sales and earnings for Du Pont of Canada. Increased demand from all sectors of the economy resulted in the operation of production facilities at or near capacity, except as limited by shortages of some raw materials that developed as the year progressed.

Net income of $17,816,000 was equivalent to $2.24 a common share — 24 per cent above the previous year's $1.80. Higher sales volume for Company products, together with increased selling prices, particularly towards the end of 1973, more than offset the higher costs of raw materials and the effects of wage and salary escalations. Interest costs were up $1,531,000, as a result of higher interest rates and the increased level of borrowing in support of a major construction program.

Earnings and Dividends a Common Share



Net sales of $306,361,000 were 18 per cent higher than in 1972. Sales volume was up for almost all products with the most significant increases recorded in our textile, home furnishings, plastics, and finishes divisions. Customer demand in a number of areas exceeded our ability to supply from existing facilities. In order to maintain and build markets pending completion of new manufacturing capacity, the excess demand was met, in part, by resale of imported products, which at prevailing prices yielded significantly lower profits. Higher average selling prices had the effect of increasing sales revenue by 2 per cent during the year.

The 20 cent quarterly dividend in effect since September 1972 was increased to 25 cents a share in June 1973.

Significant growth achieved in all segments

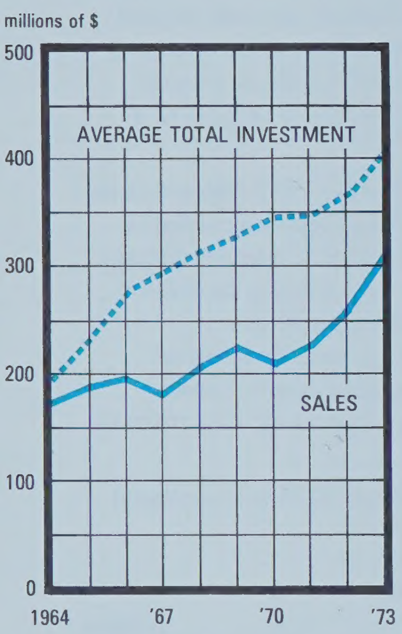
(dollars in millions)	1973 $	1973 % of Total	1972 $	1972 % of Total	Increase %
Fibres	125.9	41	106.1	41	19
Plastics and Films	86.1	28	72.3	28	19
Chemicals and Other Products	94.4	31	81.8	31	15
Total	306.4	100	260.2	100	18

Fibres sales increase

With domestic markets continuing to display vigorous growth, total sales of our fibres products advanced 19 per cent during 1973. Capacity was insufficient to meet demand in most sectors and much of our customers' increased requirements was met by resale of imported fibre we obtained from other producers. A shortage of cyclohexane late in the year resulted in a cut-back in nylon production at Kingston and was accompanied by an allocation of available nylon products among customers.

Our sales of apparel fibres grew rapidly, due in part to the scarcity and high cost of natural fibres. To keep pace with customer demand, we began expansions of our ORLON acrylic fibre plant at Maitland, Ontario, and of the DACRON polyester fibre facilities at Kingston, Ontario. In addition, detailed design work commenced on a $40,000,000 plant for the production of DACRON at Coteau-du-Lac, Quebec. Scheduled to begin production in

Sales and
Average Total Investment



1976, this project represents the largest single capital expenditure in the Company's history.

On 7th March 1974, the Company announced a 30,000,000 pound a year expansion of nylon staple fibre capacity at the Coteau-du-Lac site.

Strong demand in the Canadian passenger and truck tire markets, and in industry in general, aided sales of nylon industrial yarns. A 6,000,000 pound expansion to existing capacity for these yarns was completed in the fourth quarter.

Nylon captured an increased share of the fast growing carpet market. An 18,000,000 pound expansion of nylon staple capacity at Kingston and two expansions totalling 21,000,000 pounds annually for bulked continuous filament nylon yarn were near completion by year-end. Work on a further 14,000,000 pound bulked continuous filament expansion is also underway. A series of expansions in capacity for basic nylon chemicals, costing a total of $19,000,000, is progressing at Maitland.

Feedstock shortages affect plastics and films

Although the plastics and film products businesses had to operate in an environment of increasing costs of materials and supplies and of shortages in basic feedstocks, sales recorded an increase of 19 per cent over 1972. Increased costs forced prices upward.

The most significant feedstock shortage affecting Company operations was ethylene, a major raw material for our plastic resins, films, pipe and FABRENE woven polyolefin material. Sales of SCLAIR polyethylene resins rose by 15 per cent, and by the third quarter it became necessary to allocate our products among customers, including our own resin-consuming operations.

Increasing acceptance of SCLAIRPIPE polyethylene pipe for water transmission, mining applications, and sewer mains, and of ALDYL "A" polyethylene pipe for gas distribution lines resulted in sales growth of 55 per cent. Lack of resin, however, will restrict sales until additional feedstocks are available.

Markets for FABRENE, especially as an industrial bag and as a protective covering, continued to expand rapidly and plant capacity is being increased substantially. Growth in sales, however, will be restricted until additional resin supplies are available in 1977. Prospects for FABRENE in its new role as a carpet backing are bright and a substantial market is visualized for our product.

Increased penetration into such quality markets as packaging of liquids and laminations with other films contributed to a 12 per cent rise in sales of SCLAIRFILM polyolefin film with ability to supply again being a limitation. Sales volume of CELLOPHANE cellulose film was down 3 per cent from 1972, partially due to a strike at the mill of a major raw material supplier. Sales of DARTEK nylon film tripled with the new production facilities at Whitby in operation for the entire year, and shipments to Europe and the United States developed rapidly during the last half of the year. Availability of nylon resin will limit growth in 1974.

Chemicals sales show substantial increase

Strong demand contributed to the substantial growth in our industrial chemicals business in both domestic and export markets. Selling prices remained fairly steady during the year, although some increases were made

to offset higher raw material costs. Raw material supply was adequate for the most part, but by year-end shortages were being encountered.

Capacity for production of FREON fluorocarbon refrigerants and aerosol propellants is being increased at Maitland and will come on stream in the second quarter of 1974.

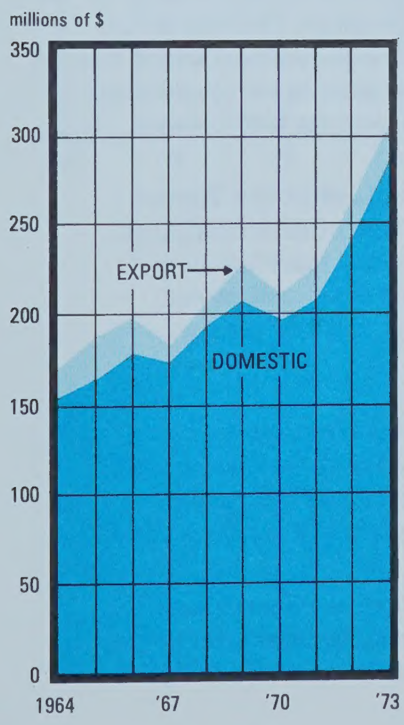
Although the extent of long-term use of lead alkyls still remains to be defined, it now appears that, for the next five years at least, these additives will be required for the economic production of fuel for gasoline engines.

A new facility at Nipissing Works for production of small diameter water gel explosives went on stream early in 1974. Development of these products is part of the continuing search for an economical replacement for dynamite in order to keep the Company in the forefront of a market undergoing fundamental changes.

The Company's automotive finish and refinish business continued to demonstrate steady improvement during the year. Although availability of raw materials remains a concern, no problem in meeting customer demand is anticipated. Due to higher material and supply costs, a modest price increase for refinish products was implemented.

Growth in Canadian sales of products manufactured by E. I. du Pont de Nemours & Company and marketed by Du Pont of Canada ranged from five per cent in some of the more stable products to a dramatic doubling or better for products used in the electronics industry. Total sales were well above those for 1972 despite the significant volume, in that year, of non-recurring business in LANNATE methomyl biodegradable insecticide for the control of Bertha army worms. During 1973, shortages developed in several products and some lines are now on allocation. The Photo Products distribution centre at Markham, Ontario is being effectively utilized as a customer and employee training centre. A new dyes laboratory has been opened in Toronto to provide customers in Ontario and western Canada with technical and shade matching service previously offered only through the Montreal laboratory.

Sales



Export sales revenue improves

Increased sales as a result of world-wide shortages of many materials, and higher average selling prices coupled with the effects of currency realignments resulted in increased revenue from export activities in 1973. Capacity limitations affected our ability to meet export requirements, particularly in the second half of the year.

A growing demand for DARTEK nylon film, together with firmer prices for CELLOPHANE cellulose film, resulted in an increase in packaging film sales revenue. Export volume of FREON fluorocarbon products more than doubled and our shipments of LYCRA spandex fibre to Australia and New Zealand showed substantial growth.

The Tax Reform Bill, effective in 1972, provided for major changes in the taxation of foreign source income, in effect making it fully taxable at Canadian rates after 1975. Unless this is eased, our position in the export market will be considerably weakened and the Company will have to reassess its role in this area.

Energy, raw material supplies pose new problems

While Canada will be relatively untouched by the energy crisis facing much of the western world, shortages of energy and raw materials are of prime

concern to Du Pont of Canada. The Company, therefore, is devoting close and continuing attention to the raw material supply situation and the problems and opportunities it presents.

For example, the ethylene required by St. Clair River Works for production of polyethylene resins — whether the resins are for sale or use in other Company products — likely will be in short supply through 1976. In addition, cyclohexane, the raw material for the Company's nylon businessses, may not be continuously available in quantities adequate for production demand.

In 1973, Union Carbide Canada Limited and then Koch Industries Inc., joined the existing partners, Polysar Limited and Du Pont of Canada Limited, in the Sarnia Olefins and Aromatics Project (SOAP) which has been studying the feasibility of a worldscale plant at Sarnia, Ontario for the production, possibly by 1977, of ethylene, benzene and other important chemical feedstocks and fuels.

The Company intends to conclude agreements with Polysar, Union Carbide and Koch whereby the Company will acquire a 16⅓% equity interest in a new company, at a cost of $8,200,000. This new company, which will be 51% owned by Polysar, will build a billion pound ethylene plant in the Sarnia, Ontario area at an estimated cost of approximately $250,000,000. In connection with senior financing, the partner companies will provide, in proportion to their relative interests, completion guarantees with respect to the project during the construction and start-up period, and such deficiency guarantees as may be required for the on-going service of the new company's debt.

Activity in mineral ventures expands

Ducanex Resources Limited, owned jointly by the Company and Lacanex Mining Company Limited, continued a mineral exploration program across Canada during 1973. A wholly owned exploration subsidiary, Du Pont of Canada Exploration Limited, has been incorporated and professional staff is now being recruited. Du Pont of Canada expects to operate its own exploration program by the end of 1974 when its joint venture agreement with Lacanex terminates.

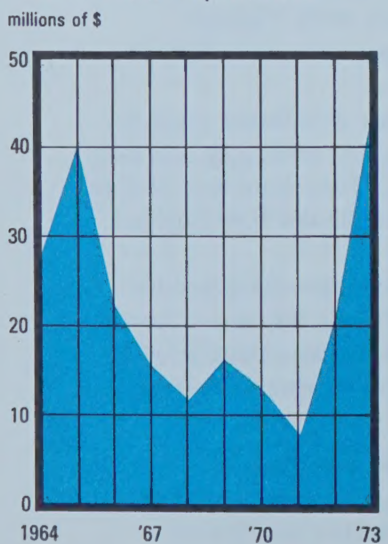
Ducanex holds minority interests in Pure Silver Mines Limited and Tormex Mining Developers Limited. The principal assets of both of these companies are in Mexico. Pure Silver is awaiting the results of a final feasibility study on its silver properties in Guanajuato, Mexico. A lead-silver mine owned 40% by Tormex went into production in mid-1973 at 500 tons per day.

Capital expenditures reach record levels

Expenditures on new plants and facilities of $42,948,000 represented the highest level in Company history and were more than double the previous year's spending. The bulk of these expenditures was directed towards expanding capacity, particularly in the most rapidly growing segments of synthetic fibres markets.

At 31st December 1973, an amount of $95,830,000 remained unexpended on approved projects. Completion of these projects over the next several years will provide significant additional production facilities to meet expanding demand in both domestic and export markets.

Construction Expenditures



Sales and Investment per Employee
thousands of $

Our plants continue to work in close co-operation with government agencies for protection of the environment and a total of $2,600,000 was appropriated during the year for pollution control measures and facilities. This brings Du Pont of Canada's total investment for these purposes to $17,500,000 and essentially completes our program for bringing operating units to the regulatory standards forecast for the second half of this decade.

Employees contribute resourcefulness and skill

At year-end, Company employment was 5,508, an increase of 6% over the total at the end of 1972. The skill and dedication these employees brought to their work during the year are reflected in every aspect of the improved performance by the Company.

The high rate of customer demand, the growing complexities of procurement of essential materials and supplies, the problems arising from shortages of raw materials and the allocation of some products, all imposed heavy burdens on the organization. Business competence and resourcefulness demonstrated by employees contributed significantly to minimizing this difficult situation.

The safety of employees both on and off the job continues to be a major concern of the Company. Seven employees suffered major injuries on the job in 1973, resulting in a frequency rate of 0.66 injuries per million manhours worked. This performance compares favorably with the 1972 frequency rate of 1.13 and is substantially lower than the North American average of 4.12 for the chemical industry. Nevertheless, the rate remains a considerable distance from the rate of 0.23 attained in 1969, a goal which is realistic on the basis of experience at a number of Company locations. The 180 employees of St. Clair River Works, for example, have a record of no lost-time injuries since the plant startup in 1958.

The Company's employee benefit plans are continually being reviewed and periodic amendments are made to ensure a total benefit program which is both competitive with those of other leading industrial employers and responsive to employee needs. In 1973, the vacation plan was amended to provide longer vacations based on service. Recognizing the effect of inflation on persons with fixed incomes, the Company again provided a pension increase for retired employees on pension rolls as of 1st November 1973.

At the end of the year, $54,732,000 was held by an independent trustee to pay future pensions under that part of the Company's pension program which is financed solely by the Company.

Retirements result in organizational changes

Lester S. Sinness of Wilmington, Delaware, retired from the Board of Directors in December 1973. Mr. Sinness had been a member of the Board since 1963. D. Carlton Jones, of Calgary, Alberta, president of Hudson's Bay Oil and Gas Company Limited, was elected to fill the vacancy.

Herman F. Hoerig retired as vice-president, Corporate Development, after 31 years of service. Bertalan L. Turvolgyi, formerly manager, Corporate Planning, was appointed a vice-president to succeed Dr. Hoerig.

On 15th March 1974, B. L. Turvolgyi was appointed Vice-President, Operations, as I. D. Ritchie became Vice-President, Marketing. J. E. Newall was appointed Vice-President, Corporate Development.

New economic environment holds promise

Vigorous growth was the dominant feature of the Canadian economy during 1973 and all evidence points to favorable market conditions throughout the year ahead. In fact, the problems which we face, as a nation, relate more to a rapid business expansion than to the recession-like climate of a few years ago.

At present, Canada is experiencing shortages of feedstocks and key raw materials. Manufacturing facilities are operating close to the limits of productive capacity. Thus, the degree to which we prosper and grow during the coming years will be determined not so much by growth in demand for our products as by our ability to supply. Industry and government alike, therefore, must concentrate on ways and means to increase the supply of domestic goods and services to the rapidly-expanding Canadian market. It is a situation which represents an entirely new environment for Canadian industry, contains both problems and opportunities, and calls for both vigilance and action, as demonstrated by the current supply difficulties in fuels, feedstocks and other raw materials.

Over the longer term this new economic environment could provide Canadian industry with a unique opportunity to establish a very strong position in manufacturing and world trade.

Currency realignments favorable to the Canadian dollar and the manufacturing tax reductions recently legislated in Canada played their part in introducing the new environment — and hence the new opportunity. However, the most important influence undoubtedly is our raw material position. Canada is one of the few industrialized nations which is, or has the potential to be, self-sufficient in energy and key industrial raw materials. Given the appropriate economic climate and particularly the development of effective government policies on energy, we in Canada could seize upon this opportunity to upgrade our natural resources for sale on world markets and usher in a period of major expansions in the industrial base of the country. Du Pont of Canada firmly intends to participate fully in this industrial advance. We have made a commitment — the most ambitious expansion program in our history — which will place the Company in the forefront of the chemical industry and make a full and effective contribution toward achieving Canada's economic objectives.

On behalf of the Directors

R. J. Richardson

President

22nd March 1974

FINANCIAL STATEMENTS 1973

DU PONT OF CANADA LIMITED AND SUBSIDIARIES

Consolidated Statement of Income

(Dollars in thousands except a common share)

	YEAR ENDED 31st DECEMBER 1973	1972
NET SALES (Note 1)	$306,361	$260,201
Other income	1,593	536
	307,954	260,737
LESS:		
Costs and expenses before the following:	220,910	184,784
Provision for depreciation of plants and properties	15,766	15,292
Amortization of patents and processes	183	175
Adjustment to carrying value of investment in mining ventures	817	918
Selling, general and administrative expenses	38,003	33,600
Interest on borrowed money:		
Current obligations	1,452	618
Loans maturing more than one year after issue	708	11
	277,839	235,398
EARNINGS BEFORE INCOME TAXES	30,115	25,339
Less: Income taxes	12,299	10,992
NET INCOME	$ 17,816	$ 14,347
EARNINGS A COMMON SHARE	$2.24	$1.80

Consolidated Statement of Retained Earnings

(Dollars in thousands)

	1973	1972
BALANCE AT BEGINNING OF YEAR	$109,659	$102,189
Add: Net income	17,816	14,347
	127,475	116,536
Less: Dividends declared on —		
Preferred 7½ % cumulative stock	174	174
Common stock ($0.95 a share in 1973 and $0.85 a share in 1972)	7,493	6,703
	7,667	6,877
BALANCE AT END OF YEAR	$119,808	$109,659

Consolidated Balance Sheet

(Dollars in thousands)

	31st DECEMBER 1973	1972
ASSETS		
CURRENT ASSETS		
Cash	$ 11,590	$ 8,290
Accounts receivable:		
Affiliated companies	2,656	192
Other	41,131	41,742
Inventories:		
Finished goods and work in process	23,412	22,261
Raw materials and supplies	11,123	9,168
Prepaid expenses	1,856	1,641
	91,768	83,294
PLANTS AND PROPERTIES (Note 3)	333,293	292,891
Less: ACCUMULATED DEPRECIATION	183,511	170,291
	149,782	122,600
OTHER ASSETS		
Goodwill, patents and processes	4,791	4,974
Investments in and advances to mining ventures (Note 4)	4,204	4,698
Shares held by trustee (Note 5)	611	781
Other investments	1,629	151
	11,235	10,604
	$252,785	$216,498

Signed on behalf of the Board:

D. S. Holbrook
R. J. Richardson
Directors

	31st DECEMBER 1973	1972
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	$ 28,500	$ 7,750
Accounts payable and accrued liabilities:		
E. I. du Pont de Nemours & Company	5,728	6,228
Other	13,521	14,148
Taxes payable	2,591	1,551
Dividends payable	2,015	3,198
	52,355	32,875
NOTES PAYABLE (Note 6)	10,000	10,000
DEFERRED INCOME TAXES	28,266	21,608
SHAREHOLDERS' EQUITY		
Capital stock		
Preferred 7½ % cumulative stock, par value $50		
Authorized, issued and fully paid — 46,500 shares	2,325	2,325
Common stock, no par value		
Authorized — 13,500,000 shares		
Issued and fully paid — 7,886,298 shares	40,031	40,031
Retained earnings	119,808	109,659
	162,164	152,015
	$252,785	$216,498

Consolidated Statement of Changes in Financial Position

(Dollars in thousands)

	YEAR ENDED 31st DECEMBER 1973	1972
SOURCE OF FUNDS		
From operations		
Net income	$ 17,816	$ 14,347
Add items not requiring outlay of funds:		
Depreciation and amortization	15,949	15,467
Adjustment to carrying value of investment in mining ventures	817	918
Deferred income taxes	6,658	1,137
	41,240	31,869
Long term notes	—	10,000
	41,240	41,869
USE OF FUNDS		
Additions to plants and properties	42,948	20,360
Purchase of patents and processes	—	658
Dividends	7,667	6,877
Investments and advances	1,801	837
Other	(170)	380
	52,246	29,112
Increase (decrease) in working capital for the year	(11,006)	12,757
Working capital at beginning of year	50,419	37,662
Working capital at end of year	$ 39,413	$ 50,419

Summary of Significant Accounting Policies and

Summary of Significant Accounting Policies

Basis of Consolidation

Du Pont of Canada Limited was incorporated under the laws of Canada and the consolidated financial statements have been drawn up in conformity with the provisions of the Canada Corporations Act. The accounts of subsidiary companies, all of which are wholly owned and the only active one which is Cedarcrest Company Limited, are included in these financial statements on the basis of twelve-month periods ended 31st December. Investments in mining ventures are carried on the equity basis adjusted for amortization of exploration expenditures deferred in the accounts of the companies concerned. Other investments are carried at cost.

Translation of Foreign Currencies

Net current assets in foreign currencies are translated into Canadian dollars at rates in effect at the end of each year. Other assets and liabilities and income and expense items are translated at the rates prevailing on transaction dates.

Inventories

Inventories are valued at the lower of average cost and net realizable value.

Plants and Properties and Related Depreciation

Plants and properties are carried at cost. Depreciation is provided generally over the useful life of the assets at rates established for each individual plant site. Using the diminishing balance method, relatively high rates are applied to the net investment so that amounts set aside in the accounts of the Company are higher in the early life of the assets when the risk is greatest. When the accumulated depreciation reaches a predetermined level, a lower rate is applied to the original cost on a straight line basis to provide for wear and tear during the remaining life of the assets concerned. Depreciation is not charged on new assets until they become operative. When assets are retired, sold or otherwise disposed of, the gross book value and dismantling costs are charged to accumulated depreciation; any recovery therefrom is credited to accumulated depreciation.

Auditors' Report

TOUCHE ROSS & CO.
ROYAL BANK BUILDING
PLACE VILLE MARIE
MONTREAL 113, QUEBEC
(514) 861-8531

The Shareholders
Du Pont of Canada Limited

We have examined the consolidated balance sheet of Du Pont of Canada Limited and subsidiaries as at 31st December 1973 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at 31st December 1973 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.

CHARTERED ACCOUNTANTS

Montreal, Que.
15th February 1974

Summary of Significant Accounting Policies

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Goodwill, Patents and Processes

Goodwill was acquired upon purchase of assets of certain companies and is not amortized. Purchased patents and processes are stated at cost and amortized over their economic life.

Income Taxes

Income taxes are based on accounting income which differs in some respects from taxable income. Differences generally arise because items of income and expense, such as depreciation, are reflected in different time periods for financial accounting purposes than for tax purposes. Deferred income taxes represent the amount by which taxes on accounting income exceed taxes paid or payable on taxable income.

Research and Development

Research and development expenditures are charged against current year's income.

Notes to Consolidated Financial Statements

Note 1 — Net Sales

The composition of net sales is as follows:

	1973	1972
	(Dollars in thousands)	
Fibres	$125,917	$106,117
Plastics and Films	86,094	72,284
Chemicals and Other	94,350	81,800
	$306,361	$260,201

Note 2 — Remuneration of Directors and Officers

During 1973, the remuneration paid to the twelve directors aggregated $59,000 and paid to the ten officers aggregated $800,000. Two of these officers were also directors.

Note 3 — Plants and Properties

	1973	1972
	(Dollars in thousands)	
Buildings and equipment and other facilities	$291,543	$276,386
Construction in progress	36,180	11,928
Land	5,570	4,577
	$333,293	$292,891

At 31st December 1973, there remained $95,830,000 to be expended on authorized appropriations for capital expenditures.

Note 4 — Investments in and Advances to Mining Ventures

	1973	1972
	(Dollars in thousands)	
Investments and advances	$ 5,939	$ 5,616
Accumulated amortization of deferred exploration expenditures	1,735	918
	$ 4,204	$ 4,698

The Company has a 44.7% interest in Lacanex Mining Company Limited (which may be increased to a controlling interest on exercise of irrevocable options) and that company, together with the Company, jointly own Ducanex Resources Limited. Through these companies, the Company has indirect interests in various mining companies, the more significant of which are a 24.4% interest in Tormex Mining Developers Limited and a 19.1% interest in Pure Silver Mines Limited.

The Company has a commitment until 31st December 1978 to loan or guarantee a loan of up to $4,000,000 to Pure Silver Mines Limited.

Note 5 — Shares Held by Trustee

Under the terms of the Bonus Plan it had been Company policy to acquire common shares for sale to employees and funds were provided for this purpose under an agreement with a trustee. As termination of the Bonus Plan was decided upon in 1971 and final deliveries under the Plan were made in 1973, the Company proposes to terminate this agreement with the Trustee.

At 31st December 1973 there remained 24,385 common shares held by the trustee at an average value of $25 with a market price at that date of $26 a share.

Note 6 — Notes Payable

Notes payable at 31st December 1973 consist of 7% notes due in December 1975 amounting to $5,000,000 Canadian Funds and $5,000,000 U.S. Funds.

A TEN-YEAR COMPARISON

	1973	1972
Operating Results		
Results a common share (1)		
Total earnings	**$2.24**	$1.80
Cash flow from operations	**$5.21**	$4.02
Dividends	**$0.95**	$0.85
Sales and other income	**307,954**	260,737
Costs and expenses before the following:	**258,913**	218,384
Provision for depreciation, amortization and other (2)	**16,766**	16,385
Interest on borrowed money	**2,160**	629
Taxes on income	**12,299**	10,992
Extraordinary items	**—**	—
Net income	**17,816**	14,347
Per cent return on:		
Average total investment (3)	**4.7**	4.1
Average shareholders' equity	**11.4**	9.6
Financial Position		
Total current assets	**91,768**	83,294
Total current liabilities	**52,355**	32,875
Net working capital	**39,413**	50,419
Plants and properties at cost	**333,293**	292,891
Accumulated depreciation	**183,511**	170,291
Plants and properties — net	**149,782**	122,600
Other assets less other liabilities	**1,235**	604
Deferred income taxes	**28,266**	21,608
Shareholders' equity	**162,164**	152,015
General		
Company selling price index — manufactured products (1964 = 100)	**78.2**	76.5
Construction expenditures	**42,948**	20,360
Average total investment (4)	**402,816**	362,321
Common shares outstanding at year-end	**7,886,298**	7,886,298
Shareholders' equity a common share	**$20.56**	$18.98
Average number of employees	**5,538**	5,113
Average total investment per employee	**72.7**	70.9

(1) Based on number of shares outstanding at the end of each year.
(2) Includes adjustment to the carrying value of the investment in mining ventures beginning in 1972.
(3) Based on net income before interest expense.
(4) Total investment comprises total assets exclusive of shares held by trustee, and before deducting accumulated depreciation; the average is based on the investment of each calendar month.

(Amounts in thousands of dollars except where otherwise noted)

1971	1970	1969	1968	1967	1966	1965	1964
$1.41	$0.68	$2.05	$1.51	$1.30	$1.73	$1.57	$2.11
$3.29	$2.62	$3.88	$3.37	$3.72	$4.08	$3.30	$3.59
$0.625	$0.75	$1.00	$1.00	$1.00	$1.00	$1.00	$1.00
28,333	211,398	228,532	207,923	183,185	196,705	188,620	172,048
90,810	184,682	184,999	167,270	147,645	155,341	151,812	130,692
15,673	15,357	15,636	15,335	14,562	13,529	10,922	8,339
1,058	2,635	1,315	1,163	1,504	1,372	511	283
9,530	3,213	13,044	11,602	9,049	12,665	12,837	17,085
—	—	(2,785)	491	—	—	—	—
11,262	5,511	16,323	12,062	10,425	13,798	12,538	15,649
3.4	2.0	5.2	4.0	3.8	5.3	5.4	8.1
8.0	4.0	12.0	9.4	8.3	11.3	11.4	18.8
68,583	74,114	70,770	63,587	52,779	51,991	45,483	40,403
30,921	45,386	42,651	41,981	37,190	42,542	26,322	37,151
37,662	28,728	28,119	21,606	15,589	9,449	19,161	3,252
75,532	272,313	262,347	248,956	241,922	229,800	209,820	172,218
58,000	146,389	133,936	121,148	109,465	98,428	87,492	77,779
17,532	125,924	128,411	127,808	132,457	131,372	122,328	94,439
9,822	5,035	3,739	3,794	2,307	2,615	(8,783)	(135)
20,471	21,301	21,305	22,506	23,653	19,100	14,108	11,338
44,545	138,386	138,964	130,702	126,700	124,336	118,598	86,218
78.6	82.5	85.9	88.5	91.1	94.1	97.0	100.0
7,504	12,867	16,216	11,967	15,790	22,565	39,650	28,300
47,829	344,881	324,723	311,469	292,633	270,820	235,204	195,143
86,298	7,886,298	7,886,298	7,886,298	7,886,298	7,886,298	7,886,298	7,335,000
$18.03	$17.25	$17.33	$16.28	$15.77	$15.47	$14.74	$11.44
5,158	6,311	6,562	6,303	6,491	6,696	6,213	5,489
67.4	54.6	49.5	49.4	45.1	40.4	37.9	35.6

PRODUCTS

Fibres

Manufactured:

Nylon continuous filament yarns, staple, tow and bulked continuous filament yarns
†ANTRON nylon for textiles and carpets
†ORLON acrylic fibre, staple and tow
†LYCRA spandex fibre
†DACRON polyester filament yarn
Hexamethylene diamine, adipic acid, and nylon polymer

Resale:

*NOMEX high temperature resistant nylon
*TYPAR spunbonded polypropylene carpet backing
*TEFLON fluorocarbon fibre
*DACRON polyester staple

Plastics and Films

Manufactured:

•CELLOPHANE cellulose film
•SCLAIRFILM polyolefin film
•DARTEK nylon film
•FABRENE woven oriented polyolefin material
•PERFIL fibrillated polyolefin tape
†VEXAR plastic netting
Nylon monofilament
•SCLAIR polyethylene resins
†ZYTEL nylon resins
•SCLAIRPIPE polyethylene pipe
†ALDYL "A" polyethylene piping systems

Resale:

*MYLAR polyester film
*KAPTON polyimide film
*CLYSAR EH and EHC polyolefin shrink film
Liquid packaging machines
Plastic materials for molding and extrusion including:
  †ALATHON polyolefin resins
  *DELRIN acetal resins
  *LUCITE acrylic resins
  *MINLON mineral reinforced polymers
  *SURLYN ionomer resins
  *TEFLON fluorocarbon resins
Polymers for adhesives and coatings including:
  *ELVACE polymer emulsions
  *ELVANOL polyvinyl alcohol
  *ELVAX vinyl resins
  Nitrocellulose
†DYMETROL nylon strapping
†STREN nylon fishing line
*BUTACITE polyvinyl butyral sheet for safety glass

Chemicals and Other Products

Manufactured:

†FREON fluorocarbon refrigerants, aerosol propellants, industrial solvents and blowing agents
†VALCLENE dry-cleaning fluid
Anti-knock compounds and other petroleum additives
†ALBONE hydrogen peroxide
Protective and decorative finishes for automotive and industrial uses including:
  •DULUX enamels
  •DUCO lacquer
  †LUCITE acrylic lacquer
  †TEFLON non-stick finishes
Commercial explosives including dynamites, water-gels, blasting agents, and primers
Hydrochloric and nitric acids

Resale:

Ammonium nitrate prills and blasting accessories
X-ray, graphic arts, engineering reproduction and drafting films, and equipment
*DYCRIL and *LYDEL photopolymer printing plates and equipment
Electronic products — *RISTON photopolymer film resists and equipment, precious metal preparations, and Berg interconnectors
Neoprene, *NORDEL, *HYPALON, *ADIPRENE and *VITON synthetic rubbers
Weed killers, plant fungicides, insecticides, and nitrogen fertilizer ingredients
Pigments
Dyes and organic chemicals
*ZEPEL rain and stain repeller
*REEMAY spunbonded polyester and *TYVEK spunbonded olefin
Industrial chemicals and electroplating products
Powder coatings and *IMRON urethane finishes

*Trade Mark of E. I. du Pont de Nemours & Company
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PLANTS

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SALES OFFICES

Canada

AJAX, Ontario
408 Fairall Street
(416) 942-5500

CALGARY, Alberta
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(403) 265-9060

FREDERICTON, New Brunswick
Prospect Street
(506) 454-3813

Montreal Area

110 Cremazie Boulevard West
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1600 - 50th Avenue
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(514) 636-4580

555 Dorchester Boulevard West
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(514) 861-3861

SUDBURY, Ontario
18 Durham Street South
(705) 674-0754

Toronto Area

789 Don Mills Road
Don Mills, Ontario
(416) 362-5621

115 Idema Road
Markham, Ontario
(416) 362-5621

Toronto-Dominion Bank Tower
(416) 362-5621

VANCOUVER, British Columbia
1550 Alberni Street
(604) 684-9264

Export Sales Agent

Cedarcrest Company Limited
International Centre Building
Hamilton, Bermuda
2-5206

Please address inquiries to:
The Vice-President and Secretary,
Du Pont of Canada Limited,
P.O. Box 660,
Montreal, Quebec

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